

Message Text

CONFIDENTIAL

PAGE 01 THE HA 04686 250820Z

20

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-10 ISO-00 SPC-03 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 L-03 H-03 /169 W

----- 072359

R 250744Z OCT 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 2241

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMBASSY OTTAWA 642

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY OSLO

AMEMBASSY BRUSSELS

AMEMBASSY ISLAMABAD

AMEMBASSY DACIA

C O N F I D E N T I A L THE HAGUE 4686

E.O. 11652: GDS

TAGS: EFIN, PK, BD

SUBJ: PAKISTAN-BANGLADESH DEBT

REF: STATE 208687

SUMMARY: IN GON OPINION, DISPUTED DEBTS ON COMMODITIES SHOULD NOT BE WRITTEN OFF, AND GON HOPES THAT PAKISTAN AND BANGLADESH WILL NEGOTIATE DIVISION OF DISPUTED DEBT. GON INCLINED TO BELIEVE THAT LONG-TERM RE-SCHEDULING OF ENTIRE GOP DEBT IS PREFERABLE SOLUTION. END SUMMARY

1. UPON RECEIPT OF REFTEL WE MET WITH NIERSTRASZ, DEPUTY DIRECTOR OF INTERNATIONAL FINANCIAL RELATIONS OF FINANCE MINISTRY, AND
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 THE HA 04686 250820Z

LEDEBOER, WHO WORKS WITH W.A. WINCKEL ON DEBT RE-SCHEDULING.

THEY STATED THAT WRITE-OFF OF DISPUTED DEBT WOULD BE IN DISAGREEMENT WITH TERMS SPECIFIED BY PAKISTAN CONSORTIUM AND THAT GOP HAD CLEARLY ASSUMED RESPONSIBILITY FOR SUCH DEBTS UNDER INTERIM RE-SCHEDULING AGREEMENT. FURTHERMORE , COST OF DEBT WRITE-OFF TO GON WOULD BE MATTER WHICH WOULD ALSO HAVE TO BE APPROVED BY PARLIAMENT, WHICH COULD BE VERY DIFFICULT.

2. OFFICIALS PREFACED CONSIDERATION OF OPTIONS 1 AND 3 BY EXPRESSING EARNEST HOPE THAT GOP AND BDG WOULD NEGOTIATE DIVISION OF DISPUTED DEBT AS PROVIDED IN TERMS OF INTERIM RE-SCHEDULING AGREEMENT. NOTING THAT BDG ACCEPTANCE OF ANY COMMODITY DEPTS MAY BE UTOPIAN HOPE AT THIS TIME, THEY HOLD THAT THE TWO PARTIES ARE OBLIGATED TO NEGOTIATE THIS MATTER.

3. LEDEBOER AND NIERSTRASZ COMMENTED THAT DECISION BETWEEN OPTIONS 1 AND 3 WOULD DEPEND PRIMARILY UPON ECONOMIC ABILITY OF GOP TO ABSORB DEBT SERVICE COSTS. FROM GON VIEWPOINT IT MIGHT ALSO DEPEND UPON COSTS TO GON AND THEIR EFFECT UPON AID BUDGET CEILING, AND INTERNAL TECHNICAL PROBLEM. IN BALANCE THEY FELT THAT OPTION 3 WOULD BE PREFERABLE, BELIEVING THAT IT MAY BE REQUIRED BY ECONOMIC CONDITION OF PAKISTAN, IN ADDITION, THEY OBSERVED THAT EXPERIENCE SHOWS PARTIAL DEBT RE-SCHEDULING AS INSUFFICIENT SOLUTION TO DEBT PROBLEMS, WHICH USUALLY REQUIRE REPETITIONS OF RE-SCHEDULING EXERCISE.

4. TENOR OF DUTCH REACTION CONCERNING BDG PREFERENCE WAS THAT BDG WOULD PROBABLY PREFER EITHER OPTIONS 2 OR 3, SINCE OPTION 1 WOULD BE INADEQUATE TO THEIR NEEDS. SINCE GON SEES LITTLE CHANCE OF CONSORTIUM ACCEPTANCE OF OPTION 2, THEY TENTATIVELY CONCLUDED THAT GOP WOULD ALSO PREFER LONG-TERM RE-SCHEDULING OF ENTIRE DEBT.
GOULD

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973THEHA04686
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS GOULD
Errors: N/A
Film Number: n/a
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731011/aaaaahsf.tel
Line Count: 93
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 208687
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 19 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Sep-2001 by kelleyw0>; APPROVED <20-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PAKISTAN-BANGLADESH DEBT
TAGS: EFIN, PK, BD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005